



STATE OF OREGON

INTEROFFICE MEMO

TO: Governor

DATE: October 24, 1983

FROM: Gerry Thompson

SUBJECT: Problems resolved in your absence . . . . .

On October 16 Jim Cowan of Tri Met called to enlist help from the Governor's office in bringing relief for an action taken by PUC. Apparently a letter had been written to ICC regarding abandonment of the railroad spur at Gresham. Portland Traction Company had applied for this abandonment and received a response from PUC indicating that ICC would be asked to study the issue. PUC indicated they would support abandonment, but felt the issue should be studied further for the possibility of freight shipping at night. Cowan's concerns were that a six to eight month study could not be afforded, that everybody was in agreement with the abandonment and could see no logical reason for further study.

Upon consultation with PUC, they too agreed that the study was not necessary, but was just an offer of compromise and in the meantime we had reached resolution that there would be no study and the recommendation from PUC is for abandonment.

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On October 17 a telegram was sent to you from the president of the International Port of Coos Bay. The telegram requested an "urgent meeting" with you and your action council on Friday, October 21. The question was the DEQ discharge permit for the Guy F. Atkinson Company project in Coos Bay. I immediately talked with John Mohr for further details and determined that the problem involved Fish and Wildlife questioning the pumping of fresh water into the bay which would then create problems with the saline content of the water. Officials of Atkinson were flying in from San Francisco for immediate resolution of the question because if the problem was not resolved by the end of the month, their fight for the Sohio project would not be allowable.

In talking with Bruce Annand from DEQ I found that all permits would be ready by the end of the month except for that which Fish and Wildlife was holding up. The question centered around what could be determined as unrealistic standards for Atkinson. Apparently the bay typically contains 35 parts per thousand and will drop as low as 17 parts per thousand at low tide. Fish and Wildlife was mandating 33 parts per thousand year around which was not only unrealistic, but impossible to maintain. Furthermore, the permit as applied for would not violate federal requirements and therefore it appeared that Fish and Wildlife

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was going beyond necessary requirements.

Rather than call together the Action Council, I determined it best we resolve the problem instantly and avoid Atkinson officials coming to Oregon. We were able to call together F&W, DEQ and EDD. By the morning of October 19 I called not only the Port of Coos Bay, but the Atkinson San Francisco office to indicate that the permit problem and the salinity question had been resolved. The permit should be issued by the end of the month. F&W agreed that as long as the saline content did not ~~exceed the average~~ <sup>deviate</sup> by more than four parts at any time during the year, the pumping of fresh water would be permissible.

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At the same time I was dealing with the Atkinson problem I uncovered a new problem at the Tongue Point Crown Zellerbach project. It appears that in this case the federal fish and wildlife people are causing a problem involving the preservation of eagles. The Corps of Engineers, federal Fish and Wildlife, Oregon F&W, State Lands and HUD representatives have set up a meeting at which they will bring about resolution of the problem. In the meantime I have asked for all details outlining their concerns regarding the preservation problem. All parties have been instructed they must aim for a December 1 resolution date in order to accommodate CZ requirements for their bid process. Information regarding the issue of eagles has not yet been received by our office.

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Some time ago Jim Campbell called you and me regarding a problem concerning Boyd's Coffee and some unrealistic requirements for the underwriters label stamp of approval on equipment that was going to be marketed by Boyd's. If you recall, what was determined to be unrealistic requirements was going to cost Boyd's between \$100,000 and \$200,000 to sell the equipment in Oregon than in adjacent states. Therefore, Boyd's Coffee was considering expansion into another state to avoid what they believed were unnecessary costs. I met with Fred Heard and Dan Smith, head of the electrical division of the Building Codes Division. Dan admitted they had a chief electrician

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who had caused similar problems in the past. Dan was asked to become directly involved.

Dave Boyd, the person you asked me to work with, was on vacation and is not due to return until after the first of November. Therefore, I worked with Dick Boyd who is Dave's brother. I put Dick and Dan Smith in direct contact and it appears the problem has been resolved. Dan has been instructed to keep us informed should there be any further problems.

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John DuBay, your appointment to LUBA, is now on the job as a temporary consultant. Neither of your two appointments could take office until Senate confirmation which is not until some time after the first of December. In meeting with John Bagg, it was determined that since he was the only member left at LUBA and with the recent advent of various LCDC hearings, it was necessary to get him some help. Bob Oliver, the Executive Department and I determined it would be perfectly legitimate to put DuBay on in a temporary position to assist Bagg, but not act in any official capacity until Senate confirmed.

Also you will recall there was some question about allegations involving DuBay's decision-making on an issue in Southern Oregon. I had Ede at your request hold up the appointment and investigate those allegations. We worked with Potts, Eldon Johnson, Newbry, Lombard, county commissioners, and in each instance were told that DuBay was nearly a perfect appointment on your part. Each did their own investigation and came back with nothing other than a clear record for DuBay. When you and I visited Monday, October 24, and this information was relayed to you, you agreed we should move ahead with DuBay.

It is still apparent that when your two LUBA appointments come up for confirmation, the Home Builders will openly oppose Senate confirmation. Their opposition is based on LUBA being comprised solely of county counsels. Technically that is a fact except that at least DuBay served as a county counsel for only three or four years and prior to that was a counsel for many home builders in Southern Oregon. Incidentally, the Southern Oregon home builders have also indicated their confidence in DuBay. VanNatta and I visited about this. He is adamant that based on the allegations plus three county counsels comprising LUBA, state home builders have no choice but to oppose.

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Bob Oliver and I met with Neal Fisher and Jane Edwards and Bill Gary regarding the withholding of Rajneesh dollars. There will be a little over \$10,000 due Rajneeshpuram pending the outcome of the litigation you approved. These dollars will be held until the question of legality is resolved. Some warrants had been dated, but not issued, prior to the signing of the Rajneesh bill from the special session and the most recent AG opinion. It was our determination that these warrants should also be held until the question is resolved.

The State Treasurer's office has been notified to segregate an account for all these dollars as well as the accrual of interest.

We also discussed the issue of allocating agency financial responsibility for the pending lawsuit. There were several alternatives: a percentage of allocations spread across all agencies, a percentage of all allocations spread across those agencies most involved or a request to the Emergency Board. A request to the Emergency Board would be the least acceptable for fear it would give the legislature some control over the progress of the lawsuit. Because we were unable to determine the most fair method of allocation, I instructed the Executive Department to take a look at those agencies most effected such as Highway, Revenue, OLCC and Executive Department and determine their budget allowance for AG costs and come back to us with recommendations. This was on October 24 and we should hear from them the week after you return. The Attorney General's office is anxious for conclusion so that they can begin to allocate costs.

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Several staff complaints were advanced to me during your absence regarding Paul Phillips. It appears he is spending a great deal of ~~time~~ away from the office and it is alleged that he is paying little attention to office workload. It was even reported he had only spent eight hours in one whole week doing Governor's office duties. His staff is reportedly upset and feeling very put upon because of the shift of workload.

I talked to Paul about the allegations. Paul denies each and every one. I reminded him that he and I had an agreement that any time it was necessary he use office hours for campaign purposes, he would notify either myself or Betty in advance

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and take that time as vacation. I also had asked him to keep a log for his protection as well as the office's. There is no evidence of either being done. I insisted he keep the record straight and during work days put his priority on Governor's office duties. Paul was very offended by the allegations and felt that Governor's office staff refuses to support his campaign efforts.

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Received a call on October 17 regarding Cascade Steel Rolling Mills in McMinnville. Cascade is preparing to double their warehouse space and has everything ready to go except for a holdup on the plan review unit in the Building Codes Division. Once again I took the problem to Fred Heard and Dan Smith who immediately resolved the holdup and gave Cascade Steel the go ahead.

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To refresh your memory, we had several discussions about the appointment of the Real Estate Commissioner. For consideration by Fred Heard were John Donnelly, Marela Larsen, Grants Pass and Doris Anderson, Portland. The Oregon Association of Realtors had also forwarded these same names under consideration. Fred and his staff were most uneasy about Donnelly and felt that although he is a salesman and had instituted a Eugene campaign for his appointment, other reports indicated he would not be an appropriate choice. Anderson is still heavily involved in the Board of Realtors and was less assertive than desired. By all reports, Larsen had strong support from realtors in general and was often likened to Jo Driscoll. Fred Heard enlisted the help of Debbs Potts in checking Marela Larsen's background and could find nothing but acceptance. Therefore, as I reported to you in our conversation on October 17, Larsen was appointed Real Estate Commissioner and history now tells us she was accepted very well by the industry. Forty-four years old, husband a real estate broker in Grants Pass, but will be leaving his business to make the move to Salem. Marela attended the University of New Mexico and is graduate of the Oregon Realtors Institute. Served as chairman of the Real Estate Board for the Department of Commerce.

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John Spencer of Art Riedel's office contacted me on October 19 reporting a rumor that Crown Zellerbach was pulling out of their project at Tongue Point. Obviously Riedel was interested in the event that the pull-out by CZ would offer an opportunity to Riedel to utilize that property on which he had previously bid. The rumor at this point is totally false, although as reported to you above, there is a pending problem with the Federal Fish and Wildlife. The deadline for CZ permits is January 1984 and up to this point excluding Federal F&W everything is proceeding as reported to you in the last Land Board meeting.

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On October 19 I received a call from EDD. They had received a report that Intel was contemplating a major expansion, but will not proceed until they have assurances about employees' safety. Those issues center around traffic patterns on the Sunset Highway. As a result of this conversation, I had a meeting with Wayne Wolfe, Paul Hoaglund, Drumbar of Intel and Fred Miller on October 24. Intel does indeed intend to expand with two new major buildings which will accommodate approximately 1,000 additional employees within the next two years. The problem centers around access to highways and highway congestion which Intel does not feel is being properly addressed by ODOT. If the issue cannot be resolved expansions will be in Arizona or Puerto Rico, but the preference is to stay in Oregon.

Currently Intel has 1,500 employees at Aloha which will have expansion in 12-24 months from now. The Jones property in the Helvatia area currently houses 700 and will be expanded by 800 one year from now. The Hawthorne property in Hillsboro currently houses 1,300 and will be expanded by 700 within one year and another 200 within two years.

Traffic at 231st and Cornell, the intersection at Cornell and 216th as well as the Shute and Helvatia intersection all cause concern. It was determined that all of these roads have multiple jurisdictions -- city, county and state. Interchanges and bypasses are needed. ODOT has agreed that the Helvatia/Shute Road is of primary concern and will be a determination of the Transportation Commission in the near future. In fact, the state highway engineer will be recommending priority for this particular highway.

Intel is having problems with both the county and the city and is asking that the state help with their cross jurisdiction issues.

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Metro has determined priority for the East side which also happens to be the Ivancie priority. The question that Intel asks that is difficult to answer is shouldn't existing businesses be accommodated before accommodating speculative businesses. It was determined that it would be difficult for the state to assist in changing priorities of the city, county or even Metro, but we could certainly assist with the Helvatia/Shute Road problem. This could create a trigger point that would convince the other jurisdictions of a reassessment of their priorities.

We agreed to wait for the Transportation Commission decision and reassess plans.

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Robyn Godwin met with me on October 21 and asked for approval to prepare a fact sheet to explain the tax package. I agreed it should be done and will review before release. He also mentioned he was getting several demands to assist in explaining the sales tax package. When asked for specifics, he indicated Paul Phillips had asked Revenue staff to accompany him to meetings in the Portland area to explain the tax package. When Paul was asked what these meetings were, he indicated the meetings were in support of the sales tax and that he himself supported passage of the sales tax. Revenue officials questioned his authority, knowing that your position was quite different than Paul's. Robyn's question was, had Paul been given the authority to enlist Revenue staff members to assist in promoting the sales tax passage. I confronted Paul and it was determined it was part of Paul's political campaign and he indeed did intend to stump for the sales tax. I instructed Paul that this was not to occur again, we never expected agency involvement in politics and that it was an unfair request on his part. I advised Robyn he should supply factual information to anyone who asked, but should not allow his employees to be involved politically. Robyn was much relieved.

Robyn had also received an inquiry from Hewlett Packard's Palo Alto office. Their tax attorney called indicating they felt the sales tax package would be very damaging to the high tech industry in Oregon. Robyn got hold of the high tech lobbyist and the state representative working with the tax coalition. They were able to resolve the misunderstanding quickly.

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Roger Martin talked to me about a problem with the transit system in Newberg. There is apparently some infighting going on and our Transportation Department is holding up funds that would have been released to Yamhill County. Roger felt the holdup of these funds was unfair and being done for no good reason. In checking it out, Yamhill has failed to meet some requirements that involve auditing and reporting. The federal government is tightening up release of money until requirements are met. Denny Moore agreed to assist Newberg and McMinnville in meeting those requirements and for now all is quiet on that issue.

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